



An Energy Efficiency Workshop & Exposition

Kansas City, Missouri

DOD Utilities Privatization

Energy 2001



DOD Utilities Privatization

Definition of Utility Systems

- Electric Distribution
- Natural Gas Distribution
- Water Distribution
- Waste Water Treatment



DOD Utilities Privatization

Privatization Means:

- Transfer of ownership
- Pipes, wires, systems
- **Not the commodity**
- No land or water rights
- Operation and maintenance
- Providing reliable service



DOD Utilities Privatization

Background

- Historically base utility systems have not received needed funding for repair/upgrades
- Few systems were privatized
- FY97 Defense bill gave DOD blanket authority to privatize utilities (10 U.S.C. 2688)
- Defense Reform Initiative (Nov '97) and DRID #9 - privatize to save \$
- DRID #49 - Dec 98



DOD Utilities Privatization

DRID #49

- Privatize all systems by 2003
 - If economical
 - Security exemption
- If not economical, then study outsourcing



DOD Utilities Privatization

DRID #49 Timelines/ Goals

- Sept 2000 - All studies complete
 - “Go/No Go” Decisions
- Sept 2001 - Issue all solicitations
- Sept 2003 - Award contracts



DOD Utilities Privatization

DRID #49 Requirement

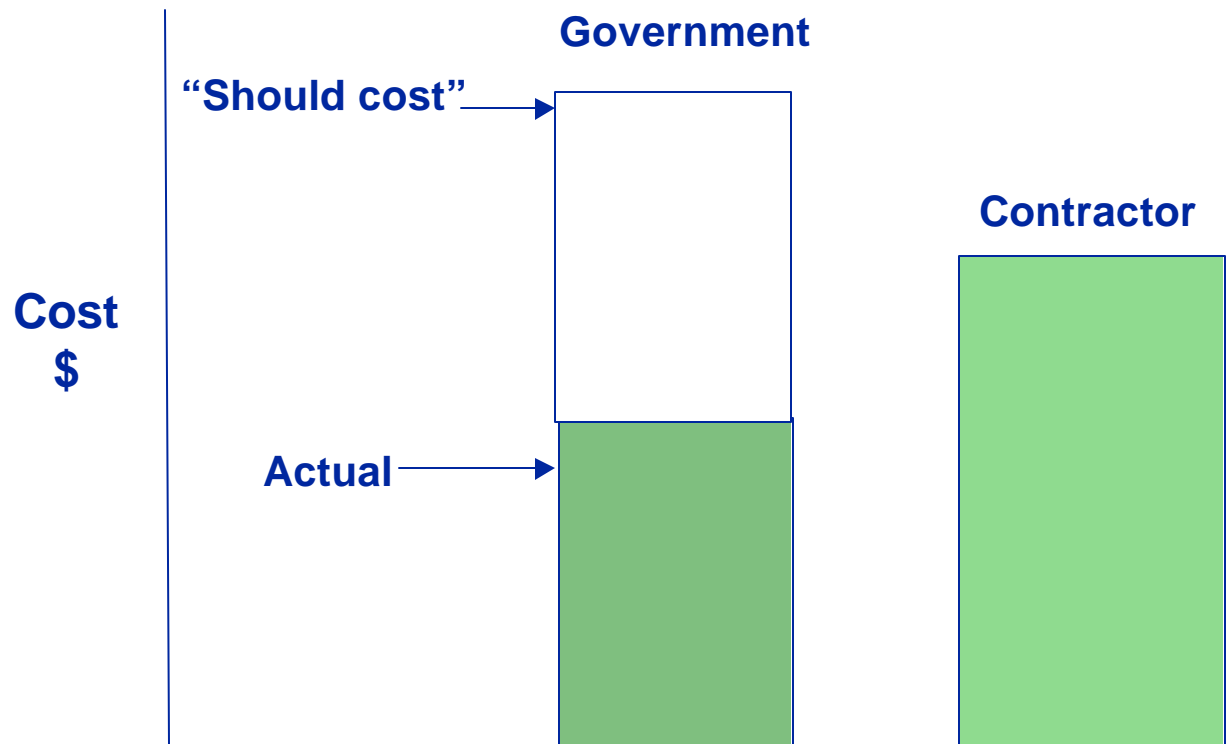
Comparison of private sector cost
against

Cost that DOD “would have incurred if
systems were operated and maintained at
accepted industry standards”



DOD Utilities Privatization

- **Compare Contractor's Cost to Government's "Should Cost"**
- **Installation's utility bill may increase**





DOD Utilities Privatization

	<u>Total Inventory</u>	<u>Available to Privatize</u>	<u>“Go’s”</u>	<u>RFPs Issued</u>
<i>Army</i>	1104	320	294	113
<i>Navy</i>	908	749	724	378
<i>Air Force</i>	645	513	108	37



DOD Utilities Privatization PANELISTS

Army - Satish Sharma

Navy - Bill Tayler

Air Force - Major Dino Kirkikis

DLA- Kevin McCulla